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CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE

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DAILY DIGEST

Date: APR 17 1951

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 2. Comments represent the preliminary views of the Office of Current Intelligence.
 3. Marginal letter indications are defined as follows:
 - "A" - items indicating Soviet-Communist intentions or capabilities
 - "B" - important regional developments not necessarily related to Soviet/communist intentions or capabilities
 - "C" - other information indicating trends and potential developments

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SECTION 1 (SOVIET)

"B" EASTERN EUROPE. ALBANIA. Soviet Controls Tightened. According to the Albanian radio, pro-Soviet Minister of Interior Mehmet Shehu has been appointed interim Minister of State Control by decree of the Presidium of the Albanian People's Assembly. Former Minister of State Control Mamush Myftiu has been appointed Vice Premier. In addition to harsh control measures previously instituted by the Stalinist hierarchy under Shehu, all privately owned radio sets are reported to have been seized and persons guilty of violating the current regulations for radios will be severely punished. Since the bomb explosion at the Soviet Legation, all persons are reportedly searched before being permitted to enter any Government office. The "Special Police" has now returned to its various headquarters and resumed "normal activity" which may be a forewarning of mass arrests of nationalist suspects. [REDACTED]

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COMMENT: The appointment of Moscow-favored Shehu as Minister of State Control is a logical development in the increasing Soviet control over Albanian internal affairs. Previous intelligence in recent weeks has revealed intensified Soviet efforts to maintain its domination in Albania despite a marked growth of resistance activity.

"B" FINLAND. Workers Rebuff Communists in Trade Union Elections. As a result of elections held 1-15 April for delegates to the quadrennial congress of the Central Federation of Finnish Trade Unions (SAK) scheduled for June, preliminary estimates give the Social Democrats approximately 150 seats to 70 for the Communists. This is a considerable proportional gain over the 1947 congress, at which the Social Democrats held 170 seats to the Communists' 130. (P Helsinki 547, 16 Apr 51). COMMENT: The Social Democrats are now assured of continued control of SAK, and are also in a stronger position to prevent anticipated Communist gains in the nationwide parliamentary elections next July. A likely result of the trade union elections will be a decision at the SAK quadrennial congress to withdraw from the Moscow-controlled World Federation of Trade Unions.

"B" YUGOSLAVIA. Yugoslavia Prepared for Severance of Relations with Hungary. The Yugoslav Government has announced that the Swiss Government has been asked and has agreed to protect Yugoslav interests in Hungary in the event of a rupture of relations between Yugoslavia and Hungary. Veljko Vlahovic, President of the Foreign Affairs Council of the Ministry of Foreign Affairs, who is apparently acting as Foreign Minister during the illness of both Kardelj and Tito, explained that the Yugoslav Government has been forced to take measures to safeguard the employees of the Yugoslav Legation in Budapest and their families because of the obvious intent of the Hungarian Government to worsen relations between the two countries. (U NYT, 17 Apr 51). COMMENT: In 1949 the Cominform States and Yugoslavia began to withdraw their heads of missions and gradually reduce their

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diplomatic representations to token staffs. In November 1950 Yugoslavia suspended relations with Albania and closed the Albanian Legation in Belgrade. With this exception, however, the Yugoslav action with respect to Hungary marks the first time that any country on either side of the quarrel has prepared for a complete severance of relations. For the events which precipitated the current crisis in Hungarian-Yugoslav relations see OGI Daily Digests of 4,5 and 9 April 1951.

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SECTION 2 (EASTERN)

"C" GREECE. Municipal Elections Show Trend to Right. Nearly complete returns from Greece's first municipal elections in 17 years indicate that right-wing and liberal coalition candidates scored crushing victories over left-wing opponents in nearly all major towns and cities. (Washington Post, 17 Apr 51). COMMENT: While complete returns are not yet in, the elections appear to have resulted in a greater swing to the right than was expected. The apparent failure of the National Progressive Union of the Center (EPEK) to make a stronger showing in the elections may well increase EPEK's desire to join a coalition with Prime Minister Venezelos' Liberals.

25X1C "B" IRAN. Shah Allegedly Plans Strong Measures to Cope with Current Crisis.

the Shah has decided to abandon the "neutrality" policy, align Iran with the West, and replace Prime Minister Ala by a strong government. The following are the major points in the Shah's plan: within two or three days, Ala will resign and Seyyid Zia-Ed-Din Tabatabai will be appointed Prime Minister. The Shah believes that the Majlis will approve him, and he will then dissolve the Majlis and rule by decree. Mass arrests would be carried out, rendering the National Front impotent and removing one to two hundred disloyal subversives. The Shah is appealing to the US to support such a plan. He considers Seyyid Zia essentially loyal to the throne, and that given a chance to govern he would show that he is not a British "stooge."

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COMMENT: This report would appear to represent another attempt by the supporters of Seyyid Zia to procure the Premiership for him. While Prime Minister Ala has shown unexpected strength during the last weeks, he has not yet obtained a vote of confidence and there had been much lobbying in favor of the appointment of Seyyid Zia or Qavam as his successor. The plan as presented is essentially one which has been backed by the UK as the best method of bringing about a reversal of Parliamentary approval of the nationalization of Iran's oil resources. While the movement in favor of Seyyid Zia appears to have become stronger in the last few weeks, there is still no definite evidence that the Shah has overcome his distrust of Seyyid Zia. There is, moreover, no guarantee that Seyyid Zia, who has not held high public office for more than 30 years, would turn out to be the "strong man" for whom Iranians are searching. In view of the current Iranian temper on the oil issue, the appointment of a man with reportedly close UK connections would probably be followed by widespread popular disapproval and internal disorder.

"B" SYRIA/ISRAEL. Need for Greater UN Authority. US Ambassador Cannon in Damascus, commenting on the forthcoming debate in the UN Security Council of the Syrian-Israeli frontier dispute, expresses the Embassy's concern lest the UN may prefer to seek a settlement by handing the problem back

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to the Mixed Armistice Commission (MAC), without grappling with the fundamental issue of sovereignty in the demilitarized zone. (See OCI Daily Digest, 12 and 13 Apr 51). Cannon observes that unless UN authority in the demilitarized zone is clearly defined, the impotence of the MAC will invite repetitions of incidents at the next favorable occasion. Cannon also reports the field observations of George Weller, foreign correspondent for the "Chicago Daily News." As a result of the latter's tour with the Syrian Army and UN observers, Weller concluded that the Israelis had depopulated four Arab villages in the Lake Hule region with the purpose of eliminating indigenous inhabitants from the demilitarized zone. Weller also reported that the Israelis have prevented UN observers from entering the demilitarized zone near Lake Tiberias, and he expressed the fear that Israeli success in thwarting the efforts of the UN truce observers might result in a break-down of the UN machinery in that area. (S Damascus 535, 15 Apr 51; R Damascus 530, 13 Apr 51). COMMENT: While both Israel and Syria, after airing their complaints in the Security Council, are again apparently amenable to seeking a solution of their dispute through the MAC, the problem is still serious since the views of both sides are wide apart. Israeli's evacuation of Arab villages in the demilitarized zone underlines the lack of adequate MAC authority for dealing with recurrent Israeli-Arab border incidents.

"C" PAKISTAN. Opposition Newspaper Banned by Punjab Government. US Embassy Karachi reports that on 13 April the Punjab provincial government seized and sealed the press on which the anti-Moslem League NAWA-I-WAQT, an Urdu daily, was printed. On 15 April the Karachi radio announced the appearance in Lahore of a new Urdu daily, THE JIHAD, edited by the staff of NAWA-I-WAQT. (S Joint Weeka 15, Karachi, 13 Apr 51; U FBIS Ticker, Karachi, 15 Apr 51). COMMENT: In recent provincial elections in the Punjab (See OCI Daily Digest, 5 Apr 51), the non-Communist NAWA-I-WAQT was the sole Urdu daily in Lahore supporting the Jinnah Awami Moslem League, the strongest party opposing the Moslem League of Liaquat Ali Khan. Although the Moslem League won 143 out of the 197 seats contested in the elections, its actual popular vote was only slightly more than 50% of the total. The closing of NAWA-I-WAQT suggests that the Moslem League is still concerned over its opposition. The appearance of JIHAD presumably will not relieve the government's anxiety.

"A" INDOCHINA. Viet Minh Action in Northwest Tonkin Predicted. A French officer in the northwest Tonkin area states that during the recent incursion of a Chinese battalion into this area, Viet Minh forces occupied the post of Binh Lu. The source states that there are "several indications" that the Viet Minh intends to make a strong effort to seize the surrounding area which is inhabited by non-Vietnamese mountain tribes. (S Hanoi 572, 13 Apr 51). COMMENT: There is no evidence to support the estimate that the Viet Minh intends to make a strong effort to gain control of this area other than the fact that Viet Minh units are operating there and may seize the opportunity to initiate action which will drain French reserves from the critical zone of operations in the Tonkin delta.

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"B" INDOCHINA. Pro-French Vietnamese Faction Purges Opposition Nationalists.

Under the vigorous direction of Nguyen Van Tam, Police Chief and close associate of Premier Tran Van Huu, drastic personnel changes have been made in the administration of the regional administration of North Vietnam. The list of expelled office-holders includes both members of the Dai Viet party and independent nationalists who have opposed, or been suspected of opposing, the policies of Premier Huu. (S Hanoi 571, 13 Apr 51)

COMMENT: The reorganization of the North Vietnam administration began with Premier Huu's successful campaign to remove the able and intensely nationalistic Governor of North Vietnam, Nguyen Huu Tri. In late March, Tri was replaced by an official of meager ability whose amenability to the policies of the Huu cabinet is demonstrated by his submissiveness to the purge tactics of Police Chief Tam. The current ascendancy of Huu and Tam, both of whom are naturalized French citizens and pro-French in sentiment, has seriously undermined the effective administration which had been built up under the leadership of ex-governor Tri in North Vietnam and has caused profound discouragement among Vietnamese nationalists who are opposed both to Communism and to continued French domination of Vietnam.

"C" INDONESIA. Plans Continue for Masjumi-PNI Cabinet. Although cabinet discussions between the Masjumi (Moslem) Party and the Indonesian National Party (PNI) have reached a complete impasse, the possibility of a government supported by both parties still exists.

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[REDACTED] the PNI has come to the conclusion that although it cannot form a government with the Masjumi neither can it depend chiefly upon leftist groups and form a government excluding the Masjumi. [REDACTED] premier-designate Sartono of the PNI will return his mandate to President Sukarno within a few days and that the President will then request a non-party man to form a cabinet. Vice-President Hatta appears to be the logical formateur for such a cabinet and may be instructed to select the best men from the two major parties--the Masjumi and the PNI--to fill ministerial posts. Foreign Minister Roem, a Masjumi leader who has taken part in the cabinet talks, [REDACTED] expects a presidential announcement on government formation shortly. (S Djakarta 1438, 16 Apr 51).

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COMMENT: Cabinet negotiations undertaken by a non-party man such as Hatta would encounter fewer difficulties than interparty efforts, chiefly because it would be unnecessary for one party to yield to the other. Since the PNI has exhibited a more cooperative attitude in the task of government formation than had been expected and since its chief ambition for months has been solely that of achieving participation in the government before elections are held, there is a strong probability that the developments [REDACTED] will take place and will be successful.

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"C" PHILIPPINES. Current Huk Capabilities. The Government's intensified military operations apparently have forced the Huks to disperse into small groups and disrupted the Huk top command. The continuation of these operations may succeed in reducing the chances for large scale raids; any relaxation of military effort, however, will probably result in Huk outbreaks. Although the Huks would probably experience difficulty in regrouping for large raids, there is no positive evidence that they cannot do so. There is little immediate danger of a Manila raid, but any weakening of Government forces stationed in the capital might precipitate Huk action. (S PHILCOM USAF 1882, 13 Apr 51). COMMENT: The Government is apparently continuing an energetic anti-Huk campaign. It will probably require military units to continue to provide a strong guard for Manila.

"A" CHINA. Rumored Death of MAO Tse-tung. A Chinese source of unknown reliability states that MAO Tse-tung died on the evening of 26 March in Peiping. Alleged contributing causes were "too much drink and women," reverses in Korea and Soviet default on promises, and high blood-pressure. During his illness, MAO is said to have appointed LIU Shao-ch'i to act for him. (S Hong Kong 3031, 16 Apr 51). COMMENT: Since MAO's last appearance at a public function in Peiping on 26 January, several sources have reported him to be seriously ill. An Indonesian Attache at Peiping was recently quoted as stating that he had seen an official announcement of MAO's illness. Although MAO may indeed be ill, or dead, there has been no confirmation of these reports from reliable sources.

"C" Anti-UK Demonstration on Taiwan. The British Consulate at Tamsui, 16 miles from Taipei, was entered on 17 April by 40 Chinese students who tore down the Union Jack and raised the Nationalist flag. At the request of two Nationalist policemen the demonstrators peacefully withdrew. A consulate official stated that trouble had been expected since the spread of rumors that the British draft notice on the Japanese peace treaty advocated the transfer of Formosa to Communist China. (U Taipei Reuter, 17 Apr 51). COMMENT: In mid-January 1950, a similar anti-British demonstration occurred. British policy toward Communist China has been a sore spot with the Nationalists, many of whom felt that the UK was the prime mover in the recall of MacArthur.

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"C" KOREA. Communist Intentions in Korea. [REDACTED] states that (1) Peiping will demand increased Soviet aid prior to resuming the offensive in Korea, which is not planned for this spring in any case, and (2) Peiping is prepared to continue the war "under conditions of stalemate" with the object of long-term attrition, hoping that conflicts among UN allies will lead to acceptance of Peiping's terms for ending hostilities, but (3) the USSR has not approved this latter plan and has "expressed strong hope" that Peiping's forces, with Soviet material aid and with an improvement in the "air situation", will be able to launch another offensive

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in September. (S Hong Kong 2966, 11 Apr 51). COMMENT: Source states that members of "his organization"--an alleged anti-Communist network in the Communist administration--have neither training in nor facilities for gathering intelligence, and that his information is largely derived from overheard conversations and is transmitted verbally. While most of source's reports have been fairly plausible, none has yet been confirmed by events, and it is suspected that the bulk of his data is compiled from rumor and speculation.

"B" KOREA. North Koreans Extend Unacceptable Peace Terms. In the April 15 "Peace Offer" broadcast over the North Korean radio by Foreign Minister Pak Hunyong, a prerequisite demanded for the "peaceful settlement of the Korean problem," was that the United Nations "stop the crimes of the American imperialist in Korea immediately and punish the war criminals who organized and agitated for these crimes." (R FBIS, 15 Apr 51). COMMENT: Little divergence from previous Communist "Peace Appeals" is evident in the 15 April statement. Communist adherence to the fiction of "American aggression" in Korea is sufficient to discredit Pak's statement as propaganda.

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SECTION 3 (WESTERN)

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"B" FRANCE. Agreement on European Army Unlikely before French Elections. According to the French delegate to the European Army Conference, no agreement as to size of the basic military unit and level of integration is likely until after this year's French elections, because prior to that time "it is difficult for the French Government to talk about anything resembling German divisions." Since Communist propaganda would have a particularly telling effect at present, the French Foreign Office is pursuing a policy of minimum publicity and is content to give the impression that the conference is deadlocked or quiescent. (S Paris 6221, 14 Apr 51). COMMENT: This is the first indication from official sources that the French are purposely delaying agreement. Despite French assurances to the contrary, development of NATO may be delayed by failure of the western European nations to reach an agreement on these important points, particularly if French elections are not held before autumn. While most Frenchmen probably now accept the inevitability of German rearmament, this issue can still be successfully exploited for political purposes.

"C" BELGIUM. Defense Contribution Termed Inadequate. In a strongly-worded speech to the Flemish Economic Union, a business group, the US Ambassador bluntly stated that "doubts" existed in Washington over the size of Belgium's financial commitment for Western defense in relation to its ability to contribute. He also warned of possible cuts in US aid if it is determined after careful study that defense efforts are not adequate. The Ambassador added that there was "curiosity" in Washington concerning Belgian transit and other trade

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activities with the Soviet Orbit. (U NY Times, 17 Apr 51). COMMENT: The popularity of the one-party Catholic Government of Premier Pholien, which has never been well-received, probably will reach a new low as a result of: (1) criticism of its defense effort; (2) inadequacy of its export control policy; and (3) stoppage of ECA allotments as an outgrowth of a court order holding up US dollars earmarked for Greek railroads. (See OCI Daily Digest, 6 Apr 51, 14 Apr 51, 16 Apr 51). Consequently, the Belgians probably will review their defense commitments to date. However, no changes in the composition of the Government are expected until after September. The Belgians have cooperated fully within the limits of their laws in preventing transit and other shipments of strategic commodities to the Soviet Union and Orbit nations; and strengthening their present export control policy poses a difficult financial and employment problem.

"C" ICELAND. US Press Treatment of Defense Pact Disturbs Foreign Minister. Foreign Minister Benediktsson fears that an article in a US newspaper alleging current negotiations for "bomber bases in Iceland from which to attack Moscow" will be exploited by the Communists to embarrass the Government and therefore will hamper public acceptance of the US-Iceland defense agreement now being negotiated. Benediktsson expressed particular alarm over indications in the article that information came from the US Defense Department and also seemed upset because the article gives an erroneous impression of the immediate purposes of the defense pact. (TS Reykjavik 199, 15 Apr 51). COMMENT: The Foreign Minister has deliberately kept current negotiations shrouded in great secrecy in Iceland to preclude advance Communist propaganda attacks and to minimize the time for public prejudice against the agreement to develop. If the news is subject to Communist exploitation prior to its formal release to the public, the Government's careful plans for speedy passage with a minimum of publicity may be seriously jeopardized.

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DAILY DIGEST OF SIGNIFICANT S/S CABLES

17 April 1951

DEPUTY FOREIGN MINISTERS' MEETING

"A" Soviet Position Appears Somewhat Clarified. Following an informal discussion on 14 April among the principals at the Deputies' Conference, the three western representatives agree that Gromyko conveyed an impression of absolute rigidity on his demand to have reduction precede level of armament, and that he would probably continue to insist on giving priority to the question of German demilitarization. On the other hand, he seemed receptive to elimination of the Soviet-proposed NAT item and to a possible deal on Trieste. The Chief of the French delegation emphatically stated his steadily hardening conviction that the West cannot yield on the position of armament reduction, but he considers a final decision at this conference urgent, and suggested a "double formulation" (split agenda) on the armaments sub-item as offering the best possibility of breaking the impasse. The UK delegate seemed to concede that this might well eliminate UK fears that the Soviets may become more uncompromising. (S S/S Paris 6227, 14 Apr 51). COMMENT: The informal Tripartite meeting on Saturday indicates that the Western delegates — notably as a result of the UK stand — are closer to an agreed position than was apparent in their recent discussions.

SECTION 1 (SOVIET)

"B" YUGOSLAVIA. US and UK to Meet Yugoslav Economic Crisis. In accordance with the Mutual Defense Assistance Act of 1949, and after consultations with North Atlantic Treaty members, the US Government has decided to grant \$29,000,000 to Yugoslavia for raw materials and other supplies. The aid was authorized because existing shortages are "so acute as to jeopardize the combat effectiveness of the Yugoslav Armed Forces and to weaken the ability of Yugoslavia to defend itself." To meet the current critical raw material shortage in Yugoslavia, the UK Government on 5 April approved a credit of 4,000,000 pounds. (U N.Y. Times, 16 Apr 51; S S/S London 5299, 6 Apr 51). COMMENT: In early March 1951 the Yugoslav Government made a formal request for \$30,000,000 worth of raw materials, notably cotton, wool, hides, chemical raw materials and coke, to meet the Yugoslav economic crisis. (OCI Daily Digest 8 Mar 51). According to the British Economic Mission in

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Belgrade, the US and UK grants will cover at best only a period until the end of June 1951. US, UK, and French representatives are currently holding economic talks in London to determine the best means of meeting the longer term economic requirements of Yugoslavia and balancing Yugoslav foreign trade as soon as possible.

SECTION 3 (WESTERN)

"C" PERU. Opening of Conversations on Troop Offer for Korea. President Odría informed our Ambassador in Lima on 14 April that Peru would offer a "contingent" of troops to take part in the Korean campaign on condition that Peru would not be obliged to equip, transport, or maintain troops in Korea, and provided further that the US would guarantee peace in Latin America. (S S/S Lima 520, 14 Apr 51). COMMENT: Although the initial suggestion is extremely vague as to the number of troops to be offered, and although the Peruvian Government undoubtedly realizes that the suggested conditions are unlikely to be accepted in full, Peru may well intend to make a sincere offer ultimately. A strong impetus to participate actively in the Korean campaign is provided by Peru's rivalry with Colombia, which did offer 1080 men who are currently being trained and equipped with modern weapons.

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